
Final Report

Feasibility of Consolidating

the Joint DoD Item Reduction (IR) Program

And the

DoD Interchangeability and Substitutability (I&S) Program

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FOREWORD

The Defense Standardization Program Office (DSPO) co-sponsored and participated in the review of the Item Reduction (IR) and DoD Interchangeability and Substitutability (I&S) processes to determine the feasibility of effectively consolidating these programs.

The joint I&S/IR Working Group was co-chaired by DSPO and the DoD I&S Functional Manager and all have endorsed the findings. This report will serve as a starting point should a similar review of these programs be required in the future.

My thanks are extended to the Joint I&S/IR Working Group members for their objective approach in reviewing and completing this review. This report will be distributed to the working group members and their respective Services and Agencies.

GREGORY E. SAUNDERS
DIRECTOR, DSPO

I. EXECUTIVE SUMMARY:

The Joint DoD Interchangeability and Substitutability (I&S) and Item Reduction (IR) Program Working Group (WG) consists of representatives from DSPO, Army, Navy, Air Force, Marine Corps., DLA and GSA. In November 2002, the WG was tasked with investigating the feasibility of merging the DoD I&S and DoD Item Reduction (IR) Programs. Over the past several years, it had become obvious to the I&S and IR communities that the future of these two programs was being adversely affected due to limited funds to operate the programs individually. Accordingly, the programs' missions and goals have been impacted. The timing of this review was on target, as most of the Services and DLA are undergoing modernization of their legacy systems.

A subgroup, comprised of representatives from DSPO, Navy, Air Force, Marine Corps. and DLA, was established to investigate the feasibility of merging the two programs.

The major objective of the subgroup was to determine if the I&S and IR programs could be effectively merged into one program without causing significant degradation to either program. The overall intent was to ensure that the result would be to provide the Military Services and the Warfighters with continued effective supply support, with quality parts, in an expeditious manner.

The evaluation process entailed the identification, application and processing of information from each of the programs. Over the past several years, an assessment and determination of how to utilize I&S information between and among the Services and Agencies has been addressed. The focus of this review was concentrated primarily on the Standardization (Item Reduction) Program and how it operated. The use of the standardization codes and the programs, processes, applications and systems that they impact were identified and evaluated. Attachment 1 to this report is a list of the affected programs, processes, applications, and systems that are dependent on, or affected by, the use of Item Standardization Codes.

Within DLA's standardization and IR program processes is the interface to the I&S program and associated requisition processing and supply support to the Military Services for issuing substitute items. The feasibility of eliminating one set of codes (ISC or I&S codes) to portray the substitution relationships was reviewed and considered. From a systemic, policy, and economical perspective, it was determined that, at this time, the many uses of the ISC and the I&S codes can not be easily accommodated with the consolidation of these two programs.

Over time, the changes in the dynamics for eliminating unneeded items from the DoD supply system and providing Services/Agencies with approved, coordinated substitute items, has dictated that the IR and I&S programs be maintained as independent programs from an operational and policy perspective.

This report documents the Interchangeability and Substitutability (I&S) and the Item Reduction (IR) Program Working Group's findings and recommendations relative to the feasibility of consolidating the two programs, while accommodating the I&S and IR policies, procedures and technical decision requirements.

II. BACKGROUND

Since the DoD I&S Working Group and the DoD Item Reduction Working Group (formerly identified as the CART – Cancellation and Reduction Team) were combined into one operational group in 1990, it has been apparent to the members of the group that the two programs were so similar in their mission that the operational capability and effectiveness of each program could be enhanced through consolidation.

As a result of the action item from the November 2002 Joint I&S/IR Working Group meeting, a subgroup of the Joint I&S/IR Working Group was established to investigate the feasibility of combining the I&S and IR programs. Representatives from DSPO, Navy, Air Force, Marine Corps, and DLA were assigned to the working subgroup and were charged with conducting a study to determine the feasibility of consolidating the two programs.

There was strong support for conducting the review to determine whether or not the consolidation would be feasible and beneficial. The timing of the review was seen as advantageous, in that the Military Services and Agencies were undergoing a systems modernization effort of their legacy systems. It was determined that since Business Systems Modernization, the Army and Navy systems had not addressed a way to accommodate standardization in their respective modernized system environments, now would be the appropriate time to seriously take a look at the use(s) of the various standardization and I&S codes, and figure out a way to accommodate them within a consolidated program, if possible.

III. OBJECTIVE

The objective in determining if the I&S and IR programs could be effectively merged into one program without causing any significant degradation to either program was threefold:

- a. To ensure that by merging the two programs there would be no adverse impact to the Military Services and the Warfighters regarding continued effective support with quality parts in an expeditious manner.
- b. To take advantage of the various systems modernization efforts that were underway by the Services and Agencies in upgrading their legacy systems. The incorporation of requirements for either program could be addressed during this modernization development period.
- c. To implement a single operational program that will satisfy Public Law, Defense Policy, System Procedural aspects and the functional day-to-day operational requirements of both programs.

IV. EVALUATION APPROACH & ASSESSMENT

The investigation, evaluation and assessment to determine the feasibility of consolidating the two programs required the Joint DoD I&S/IR WG to review the functional requirements (written and verbal) for both programs. The committee then reviewed the current and potential Service/Agency systems that will provide the operational capabilities that support the I&S and IR information.

The WG initially identified the overall program impacts, as well as functional areas which were reviewed and evaluated for program retention or elimination. This included affected data elements, the coordination processes, the transaction processing and system processes for the standardization relationships and I&S relationships. The overall evaluation process addressed the Item Reduction program from an individual Service/Agency perspective, as well as a collective Service/Agency systems viewpoint.

Following are some areas that were reviewed, evaluated and analyzed in considering the potential consolidation of the IR and I&S programs.

a. The Item Reduction Program:

- (1) Item Reduction Study Checklist.
- (2) Feasibility – for conducting a study.
- (3) Initiation – procedure for submitting a study.
- (4) Review/identify procedures and steps for conducting a study (review IR Study, establish criteria, verify potential for payback, etc.).
- (5) IRS Coordination Process - including the using activity responsibility; custodian activity responsibility; delinquent replies; responding to and resolving non-concurrences; updating Service/Agency ISC results from Service/Agency coordination; technical reviews; transaction processing; systems and program impacts; completion of the IRS process and preparing the project summary (CIRL).

b. The DoD Interchangeability and Substitutability (I&S) Program:

- (1) Identification of the sources of I&S (e.g., Engineering Change Proposals; Item Manager Decisions and Item Reduction Studies).
- (2) The coordination process of I&S (DoD JLC Form 47) including the technical review; the SICA and PICA responsibilities; responding to and resolving non-concurrences; updating Service/Agency I&S results from Service/Agency coordination; I&S transaction processing; systems and program impacts.

(3) The structure of I&S information that portrays the I&S decisions. (e.g., OOU, JTC, Phrase Code).

(4) The transaction process that communicates the I&S information between the legacy systems and the FLIS (establishing the DoD I&S Family).

V. REFERENCES

- a. DoD 4120.24-M, Defense Standardization Program Policies and Procedures.
- b. DLA Regulation 4140.66, Elimination of Duplication in the Management and Logistics Support of Interchangeable and Substitutable Items.
- c. Minutes of the Joint DoD Interchangeability and Substitutability (I&S) and Item Reduction (IR) Meeting, November 18–22, 2002.
- d. Working Group Telephone Conference Calls
- e. Minutes of the Joint DoD Interchangeability and Substitutability (I&S) and Item Reduction (IR) Meeting, November 17–21, 2003.

VI. CONCLUSION

After a detailed review of the potential benefits associated with combining the I&S and IR programs into a single program, the Joint DoD I&S/IR working group determined that the I&S and IR programs should continue to operate separately, functionally and systemically, as they currently operate today.

The results of this study and the recommended action that the DoD I&S collaboration process be accomplished using the Item Reduction Web Site Capability (IRWSC) system (see below) will be forwarded to the Defense Standardization Program Office for approval and funding consideration.

VII. RECOMMENDATION

The working group recommended that the DoD I&S collaboration process be accomplished using the Item Reduction Web Site Capability (IRWSC) system. By integrating the DoD I&S JLC Form 47 coordination process into the on-line IRWSC, it would provide a permanent audit trail of the proposed I&S family relationships and the subsequent Service and Agency responses.

The usage of the IRWSC system in terms of users and systems access continues to grow. Collectively, the users have indicated that they are satisfied with the functionality and effectiveness of the system. The recommendation to expand the IRWSC system's functionality to include the collaboration process of DoD I&S family recommendations, will have an immediate, as well as a long-term benefit in operational efficiency and cost savings to the I&S program. It is understood that the primary users of this expanded functional capability would be

the Military Services, as they are the normal initiators of the JLC Forms 47. DLA would require full access to the expanded IRWSC collaboration process of I&S recommendations to generate and receive JLC Forms 47.

The DoD I&S/IR working group developed a draft set of requirements for incorporating the DoD I&S JLC Form 47 collaboration process into the IRWSC. These requirements would allow the IRWSC program developers to determine a preliminary estimate of the resources required to support the modifications to the IRWSC application.

ATTACHMENT 1

		ISCs	1/B	3/E	2	5	C	6	OOU	Subgroup	Jump-to
Programs	Will BSM use it?										
1. ISA	Blueprinted		X	X	X	X	X	X			
2. Provisioning	Blueprinted		X	X	X	X	X	X			
3. DIIP	Not Yet Blueprinted			X							
4. Log Reassignment	Blueprinted			X							
5. DPACS	Blueprinted		X	X	X	X	X	X			
6. AIMS	Not yet Blueprinted		X	X	X	X	X	X			
7. Requisition Processing	Blueprinted w/o OOU									X	X
8. MPCASS	Not yet Blueprinted		X	X	X	X	X	X			
Transactions	Will BSM use it?	ISCs	1/B	3/E	2	5	C	6	OOU	Subgroup	Jump-to
9. DIC KAS	Partially Blueprinted			X							
10. DIC KDS	Partially Blueprinted			X							
Applications	Will BSM use it?	ISCs	1/B	3/E	2	5	C	6	OOU	Subgroup	Jump-to
11. Automated NIIN Cancellation/Deactivation	Blueprinted			X							
12. Phrase Codes	Not Used in SAP		X	X							
13. OOU	Not Used in SAP		X	X							

1. **ISA**. Item Standardization Application. Standardization Code is used in Management Statistics Reports and Feasibility Studies. All standardization codes are reviewed and determinations made based on that review. All family edits are based on standardization codes in ISA programs and input to IRWSC. When families are fully coordinated, the system will generate replacement information to Contracting Technical Data File (CTDF). Blueprinted but may be developed by other than SAP.
2. **Provisioning**. Review of the Total Item Record standardization code is made to decide if support is available. Depending on the Standardization Code, different advice messages are generated to the Services. This has been blueprinted as an interface to SAP processing. Provisioning will be done in CRS. All the decision-making will be done in CRS, and they will be generating advice to Services and a packet transaction will be sent to SAP with new item, demand data and date.
3. **DIIP**. Defense Item Inactivation Program. Standardization Codes 3 and E are reviewed regardless of the other DIIP criteria (7 years in the system, 5 years with no demands.....etc.) for referrals to delete users and possible deactivation of an NSN. It has not been decided whether this program will be part of SAP.
4. **Logistics Reassignment**. During any special project log reassignment process, FLIS uses standardization code to keep families together for transferring. Even during non-special projects, SAMMS will review standardization code in the LR process to keep families together and ensure they all transfer together. If we get a member only, the LR is rejected. If we get the master, we will automatically process all members regardless of whether or not the Service has submitted LVAs on the members. We also change the Acquisition Advice Code to V on all standardization code 3 members if it isn't already V or Y. Part of the SAP, cataloging by FLIS.
5. **DPACS**. DLA Pre-Award Contracting System. Displayed but does not seem to be used in any special automated processing. Will take the place of PD2 in SAP.
6. **AIMS**. Automated Inventory Manager Support. They get the standardization status code and display but use the supply status code for processing. The SSC gets changed based on standardization code. Standardization Codes 3/E changes the SSC to 6 (nonprocureable), AAC of V. Will be blueprinted into SAP.
7. **Requisitioning Processing**. In DLA, OOU is used. In SAP, OOU is not used. OOU will be stored in FLIS.
8. **MPCASS**. Modernized Parts Control Automated Support System. If the reference number matches an NSN, the standardization code and applicable replacement data is provided to the user for Parts Management evaluation process. Not yet blueprinted. Will probably be developed by other than SAP.
9. **DIC KAS**. Add Standardization Relationship transaction will generate an internal transaction to update the Contracting Technical Data File (CTDF) with replacement

information. Recommended Buy Return Code field is updated to a Y so that automatic procurements are not generated on those ISC 3/E NSNs. Blueprinted, SAP maintains ISC. CTDF portion not blueprinted.

10. DIC KDS. Delete Standardization Relationship transaction will generate an internal transaction to update the CTDF with delink information. Recommended Buy Return Code field is updated by deleting the Y for ISC 3/E NSNs. A review is made in the local Total Item Record is the member item was a 3 or E since the KDS does not always identify that information of the master and member. Blueprinted, SAP maintains ISC. CTDF portion not blueprinted.

11. Automated NIIN Cancellation/Deactivation Program. Review is made of Standardization Codes 3 or E in the National Inventory Record (along with other criteria - no stock, no dues-in, etc.) to determine if the NSN is a candidate for the automated cancellation program process. If only US Users, cancellation is generated. If GSA or NATO users, all US users deleted and FLIS changes NIIN Stat to 1 for the member item. Blueprinted and will be part of SAP.

12. Phrase Codes. I &S Phrase Codes are assigned based on the family Standardization Codes.

13. Order Of Use (OOU). During Item Reduction, Subgroup Codes are assigned (first two positions of the OOU/JTC). System generated LMXs (I&S relationship) use those codes assigned by the item reduction technician to complete the OOU/JTC. These codes and the subsequent Service's OOU are stored and used for Requisition Processing.

IMPORTANT NOTES:

1. The biggest reason for leaving the Segment E with standardization code information is the fact that Segment E remains even after all CMD (I&S data) has been eliminated. The Segment E data will provide replacement data and somewhat of an audit trail. This also eliminates an item from re-entering the system.
2. All Standardization Codes are passed to the other subsystems. In DLA or DoD type programs, it seems that the ISC 3 or E are the keys to processing special programs. Some work from the Supply Status Code. Standardization Code drives the change to the AAC and the Supply Status Code.
3. FLIS uses standardization code on cancellations for statistical purposes, Deletion Reason Code #3. I&S is Deletion Reason Code #8.
4. Distribution Subsystem sends standardization code as part of item data to DORRA in Quarterly Item Data Extraction report.
5. During the automated DIC LAS process, ISA sends replacement data to Item Managers by input

to the Supply Control File (SCF).

6. By policy, once coordination from users has been received in an Item Reduction Study, no need to recoordinate cancellation or I&S build for the same family.

7. Generic families are not addressed in this write-up.

FLIS EDITING DIFFERENCES - STANDARDIZATION VS I&S:

	Segment E	H
Members	200	49
FSC	Can be different	Must be the same
U/I	Can be different	Must be the same

Additional Programs Impacts	Will BSM use it?
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1. These procedures apply to the DoD and GSA. ?

2. All national stock numbers (NSNs) in the Federal Logistics Information System (FLIS) total item record (TIR) shall be assigned an item standardization code (ISC). The standardization data of the TIR shows where and when the authorization decision was made. ?

3. ISC assignments document standardization decisions that are made in four areas. These four areas and the activities responsible for assignment of

ISCs are as follows:

A. Item Reduction Studies.

The Item Reduction Activity proposes ISCs, and after coordination, submits the official ISCs to the Defense Logistics Information Service (DLIS). ISCs 1 and 3 apply (ISCs 2 and C shall be applied by the Item Reduction Activity as appropriate).

B. Superseding Specifications and Standards.

The Item Reduction Activity implements and submits ISCs resulting from new or revised or superseding specifications and standards. The Preparing Activity for the specification or standard must furnish the Item Reduction Activity any supplemental information that may be required for proper assignment of ISCs. ISCs B and E apply.

C. Determination That There Is No Item Reduction Potential in FSC or Item Name Grouping in the Class.

The Item Reduction Activity is responsible for assigning ISCs in this category. ISC 6 applies. The FSCs or item name codes previously recorded as ISC 6 should be reviewed periodically for standardization potential.

D. Assignment of ISC 5 or 0.

The DLIS shall mechanically assign codes 5 or 0, as applicable, for new NSN requests and to maintain file integrity.

ATTACHMENT 2

ACRONYMS/ABBREVIATIONS

AAC	Acquisition Advice Code
AIMS	Automated Inventory Manager Support
CIRL	Completed Item Reduction List)
CMD	Catalog Management Data
DIIP	Defense Item Inactivation Program
DLA	Defense Logistics Agency
DoD	Department of Defense
DPACS	DLA Pre-Award Contracting System
DRC	Deletion Reason Code
FLIS	Federal Logistics Information System
GSA	General Services Administration
IR	Item Reduction
IRP	Item reduction Program
IRS	Item reduction Studies
I&S	Interchangeability and Substitutability
ISA.	Item Standardization Application
ISC	Item Standardization Code
JLC	Joint Logistics Commanders
JTC	Jump To Code
KAS	Add Standardization Relationship
KDS	Delete Standardization Relationship
MPCASS	Modernized Parts Control Automated Support System
NIIN	National Item Identification Number
NSN	National Stock Numbers
OOU	Order Of Use
PICA	Primary Inventory Control Activity
SCF	Supply Control File
SICA	Secondary Inventory Control Activity
SSC	Supply Status Code
TIR	Total Item Record
WG	Joint DoD Interchangeability and Substitutability (I&S) and Item Reduction Program Working Group (WG)

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